

Message Text

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PAGE 01 STATE 180307
ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
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FM SECSTATE WASHDC
TO AMEMBASSY OTTAWA

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E.O. 11652: N/A

TAGS: ENRG, CA, US

SUBJECT: COMPLETION OF JOINT PETROLEUM STORAGE STUDY

REF: STATE 133756

1. THE JOINT U.S.-CANADA STUDY OF STRATEGIC PETROLEUM RESERVE SITES IN CANADA, UNDERTAKEN AS A RESULT OF THE VICE PRESIDENT'S JANUARY VISIT, HAS BEEN COMPLETED. SIGNED BY THE ACTING DIRECTOR OF THE DEPARTMENT OF ENERGY'S STRATEGIC PETROLEUM RESERVE OFFICE AND BY THE CANADIAN ASSISTANT DEPUTY MINISTER OF ENERGY, MINES AND RESOURCES, THE REPORT WILL BE SUBMITTED TO THE SECRETARY, SECRETARY SCHLESINGER AND MINISTERS GILLESPIE AND JAMIESON.

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2. AS EXPECTED, THE STUDY IDENTIFIED A NUMBER OF OUTSTANDING ISSUES WHICH WILL REQUIRE FURTHER NEGOTIATION. THESE ARE A) THE BEST OPTION FOR SITE DEVELOPMENT AND OPERATION; B) PROVISIONS GOVERNING SUPPLY OF GOODS AND SERVICES; C) GUARANTEES, INCENTIVES AND PENALTIES REGARDING TIMELY AND WITHIN-COST COMPLETION OF SITE DEVELOPMENT; D) DETERMINATION OF APPLICABLE TAX AND CUSTOMS REGULATIONS;

E) OPTION FOR POSSIBLE CANADIAN USE OF A PORTION OF THE STORAGE; AND F) ARRANGEMENTS FOR POSSIBLE INCORPORATION OF A TRANSSHIPMENT FACILITY.

3. AS NOTED REFTTEL, CANADIAN SIDE ALREADY HAS CABINET APPROVAL TO ENTER NEGOTIATIONS TO RESOLVE ABOVE ISSUES. THE NEXT STEPS WILL BE FOR THE U.S. TO DECIDE TO COMMENCE NEGOTIATIONS AND NAME A TEAM. DEPARTMENT AND DOE DESIRE EARLY COMMENCEMENT OF NEGOTIATIONS TO DETERMINE IF AN AGREEMENT IN PRINCIPLE CAN BE REACHED IN TIME TO MEET DOE'S MID-SEPTEMBER TARGET FOR INFORMING CONGRESS OF ITS PLANS FOR EAST COAST PRODUCT STORAGE.

4. FINAL PREPARATION AND PRINTING OF THE REPORT WILL TAKE 2-3 WEEKS, AT WHICH TIME IT WILL BE RELEASED TO THE PUBLIC. A JOINT PRESS RELEASE WILL ANNOUNCE COMPLETION OF THE STUDY AND PUBLICATION OF THE REPORT.

5. DEPARTMENT IS SENDING EMBASSY A COPY OF THE REPORT. CHRISTOPHER

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Message Attributes

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